

**CITY OF SOUTHFIELD
REGULAR MEETING
SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM BOARD
Tuesday, June 16, 2015
Council Conference Room – Main Municipal Building
26000 Evergreen Road, Southfield, MI**

MINUTES

SERS Board Members Present: L. Susan Mannisto, Chair; David Hersh; Coretta Houge; Jeannie Jackson; Mark Jubas; Julius Maisano

SERS Board Members Absent: Shirley Lightsey; James Pierce

Others Present: Lauri Siskind, Human Resources Director/SERS Plan Liaison
Christopher Kuhn, The Bogdahn Group
Guy Torres, Pacific Income Advisors
Michael VanOverbeke; VanOverbeke, Michaud & Timmony, PC
Penelope Scharmberg, Administrative Assistant HR/LR/SERS Secretary
John Michrina, Deputy City Administrator
Lyn Roberts, Fiscal Services Director

The meeting was called to order at 5:46 p.m.

AGENDA

1. *Approval of Agenda.*
MOTION #S-15-085
Motion by Houge, supported by Jackson to approve the agenda of the June 16, 2015 SERS meeting.
Motion carried.

MINUTES

1. *Review and approve Minutes of the Southfield Employee Retirement System Board Meeting of May 12, 2015.*
MOTION #S-15-086
Motion by Houge, supported by Hersh to approve the Minutes of the Southfield Employee Retirement System Board Meeting of May 12, 2015.
Motion carried.

APPLICATIONS FOR RETIREMENT

1. *Review and approve Application for Normal Retirement from Linda Fate-Dase, Assessing Department, effective June 26, 2015.*
MOTION #S-15-087
Motion by Houge, supported by Hersh to approve the Application for Normal Retirement from Linda Fate-Dase, Assessing Department, effective June 26, 2015.
Motion carried.
2. *Review and approve Application for Normal Retirement from Velore Brown, Assessing Department, effective June 20, 2015.*
MOTION #S-15-088
Motion by Houge, supported by Hersh to approve the Application for Normal Retirement from Velore Brown, Assessing Department, effective June 20, 2015.
Motion carried.

3. *Review and approve Application for Normal Retirement from Jacqueline Heikkinen, Technology Services, effective June 27, 2015.*

MOTION #S-15-089

Motion by Houge, supported by Hersh to approve the Application for Normal Retirement from Jacqueline Heikkinen, Technology Services, effective June 27, 2015.
Motion carried.

Mr. Jubas joined the meeting at this time.

4. *Review Application for Non-Duty Disability Retirement.*

MOTION #S-15-090

Motion by Jackson, supported by Houge that pursuant to Section 8(h) of the Open Meetings Act the Southfield Employee Retirement System Board Meeting of June 16, 2015, adjourn to a Closed Session for the purpose of considering material exempt from discussion or disclosure by state or federal statute.

A roll call vote was taken.

YEA: Jackson, Mannisto, Maisano, Hersh, Houge, Jubas.

NAY: None.

ABSTAIN: None.

ABSENT: Lightsey, Pierce.

Motion carried.

MOTION #S-15-091

Motion by Hersh, supported by Jubas that the Closed Session of the Southfield Employee Retirement System Board Meeting of June 16, 2015, does hereby reconvene to Open Session.

Motion carried.

MOTION #S-15-092

Motion by Hersh, supported by Jubas to acknowledge receipt of the Application for Non-Duty Disability Retirement from Richard Granzotto, dated June 15, 2015, and direct the SERS Administrator to arrange for a review of records and determination therefrom by the Medical Director.

Motion carried.

AUTHORIZATION OF BENEFITS

1. *Review and approve authorization of monthly benefit payment and lump sum distribution to Gerald Witkowski.*

MOTION #S-15-093

Motion by Houge, supported by Jubas to approve authorization of monthly benefit payment and lump sum distribution to Gerald Witkowski.
Motion carried.

2. *Review and approve authorization of monthly benefit payment to Mildred Pivoz.*

MOTION #S-15-094

Motion by Houge, supported by Jubas to approve authorization of monthly benefit payment to Mildred Pivoz.
Motion carried.

3. *Review and approve authorization of monthly benefit payment and lump sum distribution to Iris McCallum-Bowman.*

MOTION #S-15-095

Motion by Houge, supported by Jubas to approve authorization of monthly benefit payment and lump sum distribution to Iris McCallum-Bowman.
Motion carried.

4. *Review and approve authorization of monthly benefit payment to Linda Williams.*
MOTION #S-15-096
Motion by Houge, supported by Jubas to approve authorization of monthly benefit payment to Linda Williams.
Motion carried.
5. *Review and approve authorization of monthly benefit payment to Thomas Black.*
MOTION #S-15-097
Motion by Houge, supported by Jubas to approve authorization of monthly benefit payment to Thomas Black.
Motion carried.

INVESTMENT CONSULTANT REPORT

Ms. Siskind informed the board that after reviewing recent information on Gray & Company, the City Council determined it was preferable to terminate them, which was done on May 28, 2015, and requested an RFP for investment consultant be posted immediately. In the interim, the city entered into a contract with Bogdahn Group effective May 28, 2015, through the pendency of the search and selection process for a new Investment Consultant. The Bogdahn group would be paid on the basis of \$50,000 annually. Mr. Christopher Kuhn of The Bogdahn Group was assigned as the primary contact with SERS.

The need for an IPS was discussed and Mr. VanOverbeke recommended sending a letter to the City Council on a regular basis so the matter can be resolved to abide by the new laws in place.

1. Investment Consultant Recommendations.

Mr. Kuhn discussed waiting for completion of the RFP process to proceed with hedge funds. After discussion, the board directed Mr. Kuhn to proceed with the funding of approved managers, including the hedge funds. Because the portfolio was over in international equities, reallocation to Templeton would be appropriate from LSV, WCM, and the remainder from the cash account. A contract for Walhausen was still pending. Munder and the cash account will fund Titan and Magnitude. Mr. Kuhn would forward an updated Asset/Manager Allocation sheet in the next few days and approval for reallocation will be brought to the next meeting.

MOTION #S-15-098

Motion by Houge, supported by Jubas to receive and file the SERS performance review presented by Christopher Kuhn, The Bogdahn Group investment consultants.
Motion carried.

The board raised questions concerning SouthernSun's lack of a stop loss philosophy. Mr. Kuhn reminded them that year-to-date SouthernSun was ahead of their benchmark 6.6% v. 5.6%, and believed they were now well positioned. They recently added Temco and Timkin Steel to the portfolio to offset the rough patch felt from the energy sector. Long term they have always performed very well. He informed the board he would draft an "On-Watch" letter for the Administrator's signature. SouthernSun would be reevaluated after six months.

MOTION #S-15-099

Motion by Houge, supported by Jubas to authorize Mr. Kuhn to draft a six-month "On-Watch" letter to SouthernSun, after which time it will be reevaluated by the board.
Motion carried.

2. Fixed Income Portfolio Review.

Guy Torres reviewed the Pacific Income Advisors fixed income fund advising that they believe the current positioning will continue to add value to the portfolio and maintain risk at an acceptable level. The duration of the portfolio remains close to their respective benchmarks and the yield curve is in a more barbelled structure. Global uncertainties provide support to the long end of the yield curve and valuations on a relative basis, favoring longer maturity U.S. treasuries relative to other foreign government bonds. Very selective credit overweight and industrial bonds continue to be the primary theme of adding value during the second quarter. Financials remain neutral due to sector volatility. A recent allocation increase to agency MBS has proved well, as the sector outperformed. Energy sector holdings continue to be maintained having the willingness to reduce leverage and maintain ratings.

MOTION #S-15-100

Motion by Hough, supported by Hersh to receive and file the Fixed Income Portfolio Review presented by Guy Torres, Pacific Income Advisors.
Motion carried.

LEGAL

Mr. VanOverbeke had no legal matters for discussion.

MONTHLY FINANCIAL REPORT

The board reviewed Financial Reports for the periods ending April 30, 2015 and May 31, 2015. As of the May date, the net value of assets was \$117,394,916; however, Ms. Siskind had a few questions regarding same and would get back to the board if an amendment was necessary.

MOTION #S-15-101

Motion by Hersh, supported by Maisano to receive and file the SERS Financial Report for the period ending April 30, 2015 and May 31, 2015, subject to review.

Motion carried.

FINANCIAL MATTERS

1. *Review and approve reimbursement to L. Susan Mannisto for expenses incurred during attendance of MAPERS Spring Conference, May 17, 2015 – May 19, 2015.*

MOTION #S-15-102

Motion by Houge, supported by Maisano to approve payment to L. Susan Mannisto for expenses incurred during attendance of MAPERS Spring Conference, May 17, 2015 – May 19, 2015.

Motion carried.

2. *Review and approve payment to Shirley Lightsey for expenses incurred during attendance of MAPERS Spring Conference, May 17, 2015 – May 19, 2015.*

MOTION #S-15-103

Motion by Houge, supported by Maisano to approve payment to Shirley Lightsey for expenses incurred during attendance of MAPERS Spring Conference, May 17, 2015 – May 19, 2015.

Motion carried.

3. *Review and approve payment to Jeannie Jackson for expenses incurred during attendance of MAPERS Spring Conference, May 17, 2015 – May 19, 2015.*

MOTION #S-15-104

Motion by Houge, supported by Maisano to approve payment to Jeannie Jackson for expenses incurred during attendance of MAPERS Spring Conference, May 17, 2015 – May 19, 2015.

Motion carried.

4. *Review and approve payment to Gray & Company for 2nd Quarter 2015 Investment Consultant Retainer, pro-rated April 1, 2015 – May 28, 2015, in the amount of \$9,517.26.*

MOTION #S-15-105

Motion by Houge, supported by Maisano to approve payment to Gray & Company for 2nd Quarter 2015 Investment Consultant Retainer, pro-rated April 1, 2015 – May 28, 2015, in the amount of \$9,517.26.

Motion carried.

5. *Review and approve payment to Comerica Bank Card for purchases made during the period May 6, 2015 – June 3, 2015.*

MOTION #S-15-106

Motion by Houge, supported by Maisano approve payment to Comerica Bank Card for purchases made during the period May 6, 2015 – June 3, 2015.

Motion carried.

PUBLIC COMMENTS

No visitor at the meeting wished to make a comment. Ms. Siskind introduced the City's new Deputy City Administrator John Michrina and Finance Director Lyn Roberts to the board.

OTHER BUSINESS DEEMED NECESSARY

- Ms. Jackson noted she would like the RFP to reflect dual sex or neutral language rather than “he”. Ms. Siskind informed her the change would be made.
- Ms. Siskind reminded the board that the Retirement Workshop would be held on Thursday, June 25, 2015, from 4:00 p.m. to 6:00 p.m., should anyone like to attend.

To Do List

- Service Provider Review – Actuarial RFI (JBP & LS)
- Service Provider Review – Attorney
- Pending Board Policies: (may be part of other policies)
 - Record Retention
 - Proxy Voting/Corporate Governance
- Pension Benefit Calculator (working on kinks)
- Update on SERS Weblink (July)
- Service Provider Assignment – Investment Consultant

With no further business to come before the board, a motion to adjourn was raised.

MOTION #S-15-107

Motion by Maisano, supported by Jubas to adjourn the Southfield Employee Retirement System Board’s June 16, 2015 meeting at 7:00 p.m.

Motion carried.

*Approved this 21st day of July 2015
L. Susan Mannisto, Chair
Southfield Employee Retirement System Board*